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the American engineer is fully conscious and very happy to see that the engineers of my country coöperate heartily of the importance of his initiative in these endeavors to advance the world, in this far-reaching international work.

TABLE IX.—SUMMARY OF DEBTS OF CZECHOSLOVAK REPUBLIC

	In Czechoslovak Crowns	Per cent
"Liberation tax" to the Allies	13,125,000,000	30.00
Share of the debt of former Austro-Hungarian Empire	4,000,000,000	9.10
Currency reform	8,614,270,537	19.66
Establishment of government	7,168,989,106	16.37
Foodstuffs relief	5,981,878,204	13.66
Military expenditures	2,682,645,946	6.12
Reconstruction	1,574,599,486	3.59
Repatriation of the Czechoslovak army	657,915,410	1.50
Total debts since inception of Republic	43,805,298,689	100

Suggested Measures for World-wide Coöperation

By SIGNOR FRANCESCO QUATTRONE

High Commissioner of Italy to the United States

THE Genoa Conference is one of the greatest importance, not only in the common historical sense, but from the entirely new human point of view which inspires its work. Not only is it, in fact, the greatest international gathering, but here is being laid the cornerstone for a practical system of the much needed world-wide coöperation.

The Washington Conference has attained success by creating a better and more permanent feeling among some of the nations of the world; the Genoa Conference, by also inviting those not present at Washington, will complete and achieve, it is confidently expected, a very much better and more permanent feeling among nearly all the nations of the world. It is true that, technically, the United States of America is not present at Genoa, but I am sure its heart and spirit are there. At a not distant future, when some of

the peoples in Europe realize that it is highly essential to show a real determination to put their house in order, abandoning war-time spirit and an utterly reproachable system of alliances; when still others think and practise so as to convince the people at large that there is only one world standard of national and international honor, then perhaps the United States will sit at a still greater conference and be, on account of its moral position, the most powerful leader in reconstruction work.

LIQUIDATION OF OVER-BUILT FACILITIES

Industrial Europe, as well as industrial America, is suffering on account of over-built facilities; everybody today, it is only human, wants to produce and sell. Not a great many people are able to buy: there is a lack of purchasing power and if we want to

restore healthy conditions in the world's business, we must reduce our imperialistic trade plans and try to approach normalcy first by granting to those who are in need, the possibilities of recuperating their purchasing power, and by lifting—as far as is possible, and consistent with the life of every nation—those trade barriers now in progress of construction. Take for instance, the United States; in 1914, prior to the War, this country had normal producing and manufacturing facilities to meet the needs of 101 millions of people, plus 5 per cent for foreign business, in this way meeting the needs of 106 millions of people. From 1914 to 1921, such facilities were expanded to 175 per cent of the existing facilities of 1914, so that on Armistice Day in 1918, the war-time-created facilities of the United States had reached a capacity of 180 million people. Those facilities exist today and they can and are taking care of the national domestic needs on a seven months' basis. In a word, this country's producing facilities can do its 1914 business in six or seven months. The commercial interests of this nation have largely liquidated their inventories and debts since the War, but not that large increase of facilities which was created for war purposes. This reduction, now under way, must continue for the next few years until the national facilities of this country arrive at a point where they can take care of the normal domestic needs and a reasonable per cent of surplus to meet the requirements of the outgoing foreign trade.

To give an illustration, may I mention the sea-going steel and iron steam tonnage owned by the principal maritime countries of the world. In 1914, there were 42,514,000 gross tons; in 1921, there were 54,217,000 gross tons, an increase, after taking care of

war losses, of 11,703,000 gross tons of larger and more efficient ships. The United States had in 1914 only 1,837,000 gross tons which by 1921 it had increased to 12,314,000 gross tons.

When one realizes that the normal world's international trade and shipping had approached its peak in 1914 and that 42,500,000 tons of shipping easily moved that trade, you will see at once why with 11,700,000 added tonnage in 1921, the value of shipping has fallen down from \$200 a ton deadweight to \$20 and that, for some years to come, many ships of the world will not find cargoes. I believe that instead of still building new ships, and there are 7,300,000 in course of construction, all the nations of the world should meet together and apply Mr. Hughes' policy of scrapping battleships, to the already dangerously sick body represented by the maritime commercial fleets of the entire world. The result would be fewer failures of private and government enterprises and very much healthier conditions for every country concerned.

I have referred only to shipping, but the same state of over-built facilities exists in nearly every industry, taken as a whole, in this country, except the farming industry, where normalcy of production can and will come very quickly.

There is no country in the world that may consider itself immune from the necessity of liquidating its facilities and we are confronted today with the necessity of considering the world's business as a process of liquidating the troubles of the world-corporation, in which all the countries, as individual units, are participants. To do this, is required a better knowledge of each other's needs. Knowledge of each other comes as the result of more mutual and frequent intercourse. In applying this axiom to the life of

nations, we realize that the present situation requires a better knowledge and consideration of the different resources of each country, so that international credit relation and international buying power may be established under proper and sound principles. The sooner such principles are applied, the nearer will be the approach to normalcy and safety and the establishment of the economic equilibrium of Europe, completely destroyed by the late war.

RESTORATION OF RUSSIA

No one today will attempt to conceal the fact that a Germany reduced to desperation and a famine-stricken Russia are the unsound links of the chain, which, prior to 1914, was wonderfully driving the European economic engine. Therefore, sincere, honest efforts must be made not to have a mad Germany, or a still wilder Russia. Germany, even temporarily without the Saar basin and the rich Silesian coal fields, definitely deprived of her colonial possessions, not to mention the mercantile fleet or other properties seized by or surrendered to the Allies and other countries, including the United States, has a very much greater recuperation power than Russia, although she is not possessed of the wonderful and immense natural resources of her Russian neighbor.

Industrially speaking, Russia, prior to the War, had been in the hands of intelligent foreign enterprises; the grand dukes and potentates dominating these were satisfied with royalties coming from large estates probably not directly known to them. For instance, heroic Belgium alone had invested there nearly 100,000,000 pounds sterling. During my mission in Russia in 1912, travelling from north to south, visiting the Donetz coal basin, I had the pleasure of meeting several Belgian

mining engineers representing investments of large resources, giving life and wealth to the inhabitants of that region. Russia still needs foreign cooperation in the pacific and honest development of her resources. But there are no resources which can be utilized or developed for the benefit of Russia and Europe unless the Russian system of transportation, utterly demoralized and destroyed first by the War, and lately by the material impossibilities of planning anything constructive, shall, upon Russia's adopting and establishing world standards of property and honor, be put in proper and efficient shape.

Experience has now demonstrated to Moscow that the time for doctrinaires and fallacious new experiments of a Utopian character is gone and that the era for constructive work must be approached. The Russians would go back to work; but how can they do it? All the European observers have agreed that the Russian system of transportation must be restored. In order to help Russia, offers of rolling stock have been made, but, under the conditions now prevailing in different European organizations, it is a practical impossibility to attain speedy quantity production, yet this is an essential requisite if the greatest problem accountable for the reconstruction of Russia shall be properly met. Here comes the important part that American industries can play in the rehabilitation of Russia and of Europe. There is no use sending millions of tons of agricultural implements, machinery, etc., unless in due time such shipments can reach the point of final destination. Every enterprise which does not first take into deep consideration the transportation problem of Russia, is undoubtedly destined to failure and the responsibility for it will fall upon all the great powers of the world.

Everyone agrees, also, that Germany is an essential factor in the reconstruction of continental Europe, but if the Russian machinery can be put in fairly good shape, the economic engine of Europe will reestablish its rhythm and Europe will be on its feet again.

SUMMARY

To summarize, it is my firm belief that the general reconstruction of the world's business may be and will be hastened by:

1. Making up for the inevitable errors embodied in the Treaty of Versailles;
2. Continuing to create and maintain a spirit of mutual confidence among the principal powers of the world;
3. Creating of world machinery for international credit, currency and exchange problems;
4. Promoting an international "peace holiday" followed by immediate reduction of land armaments;
5. Redistribution of raw materials so as to insure, as far as possible, the minimum indispensable to the life of every nation;
6. Rechecking of international war debts on the basis of cost and not profit to the lending powers;
7. Cancellation of that part of the international war debts representing direct or indirect profit to the lending powers;

8. Refunding of international war debts into long-period obligations whose maturity and payments of principal and interest, as well as rate of interest, shall be determined not according to general rules or policy, but after taking into account the resources of each debtor nations; principal and interest, when due, to be paid at the rate of exchange prevailing in 1914, and not, in any case, to exceed that prevailing when war loans were made.

9. Revising of war reparations clauses so as to fix the amount to be paid in cash and goods independently of any other condition.

10. Recognition of the Russian government under conditions established by joint conference of the powers represented at Genoa and the United States, a recognition which should be kindly and eagerly sought for by all.

Above all else, to the restoration of Europe, restoration of confidence is essential. The Genoa meeting has begun the work for the reestablishment of coöperation and mutual respect and confidence. Let us hope that other peoples who have to their credit unblemished records of high, unselfish, unbiased achievements will, as soon as conditions will permit it, join hands with Europe and proceed together onward to the reconstruction of a better world.

Economic Reconstruction of Germany

By KARL LANG

Charge d' Affaires, German Embassy

WE have all heard much of the Treaty of Versailles and yet how many of us have actually read the Treaty and understood its various and complicated clauses? We have all heard it said that Germany is not fulfilling her obligations under that Treaty, obligations she was forced to sign, and that this non-fulfillment is owing not to Germany's incapacity to

fulfill, but to her unwillingness to fulfill the obligations imposed upon her. Now I cannot hope to put before you all that Germany has done in the last few years in order to show you in full how much Germany's capacity in the fulfillment of the Treaty of Peace is limited and that Germany, however hard she may try, cannot go beyond this capacity, but I should like to give